Dear Fellow Stockholders,

Hervé Hoppenot
Chairman, President and CEO

I write to you during an unprecedented and uncertain time, when the world is experiencing a global health crisis driven by COVID-19. It is too early to know the full effect of this pandemic, but I remain optimistic for the future prospects of Incyte. The year 2019 was one of strong execution by both our commercial and development teams. I am hopeful that we will persevere through this crisis and make 2020 a transformational year for Incyte, as we continue to execute on our strategy and our goal of establishing ourselves as a diversified, fast-growing and sustainable, independent global biopharmaceutical company. We have implemented our business continuity plans and I am pleased to say that all Incyte employees have risen to the challenge and are working hard to fulfill our mission of providing transformative medicines to patients.

$2.2 BILLION
IN TOTAL REVENUE

21% GROWTH IN JAKAFI
NET PRODUCT REVENUE

IN 2019, ~20,000
PATIENTS RECEIVED JAKAFI

3 LATE-STAGE PROGRAMS
WITH POSITIVE DATA

3 NEW MEDICINES[1]
APPROVED BY THE FDA

2 NDAs
SUBMITTED FOR PRODUCT CANDIDATES

37% SHARE PRICE APPRECIATION

$2.1 BILLION IN CASH[2]

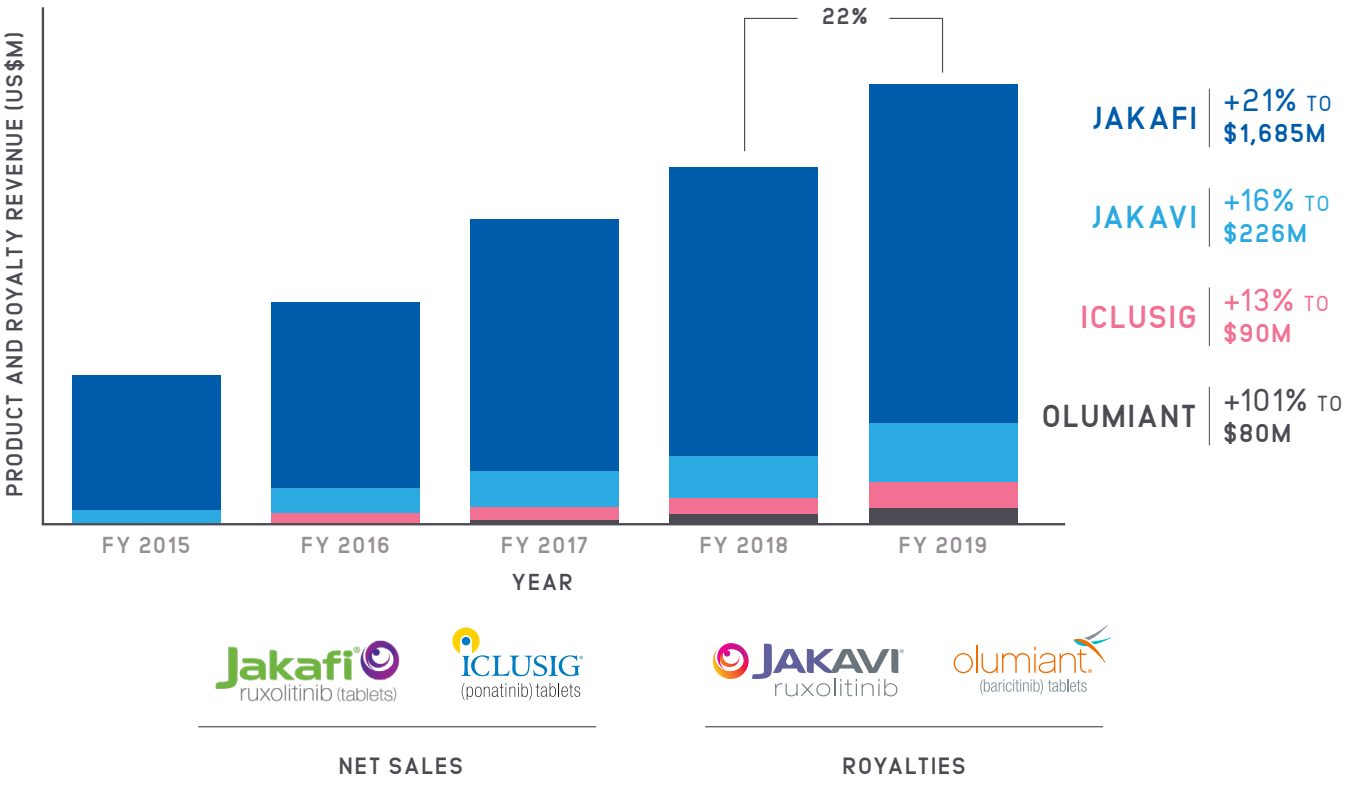
Note: All data references refer to 2019 with the exception of the number of FDA approvals, which are from 2019 up to May 2020.
(1) Jakafi® (ruxolitinib) is now approved by the U.S. FDA for treatment of steroid-refractory acute GVHD in adult and pediatric patients 12 years and older; Pemazyre™ (pemigatinib) is a kinase inhibitor indicated for the treatment of adults with previously treated, unresectable locally advanced or metastic cholangiocarcinoma with a fibroblast growth factor receptor 2 (FGFR2) fusion or other rearrangement as detected by an FDA-approved test; Tabrecta™ (capmatinib) is a kinase inhibitor indicated for the treatment of adult patients with metastatic non-small cell lung cancer (NSCLC) whose tumors have a mutation that leads to mesenchymal-epithelial transition (MET) exon 14 skipping as detected by an FDA-approved test (worldwide rights to capmatinib licensed to Novartis).
(2) As of December 31, 2019.

2019 REVIEW

Looking back over the last calendar year, our product and royalty revenues exceeded $2 billion for the first time in 2019, representing a 22% increase over 2018. Net sales of our largest product, Jakafi® (ruxolitinib), continued at an annual growth rate of more than 20%, reaching $1.7 billion for the year. We continue to see strong patient demand across all three indications: myelofibrosis, polycythemia vera and in the newly launched indication of steroid-refractory acute graft-versus-host disease (GHVD). Iclusig® (ponatinib) sales revenue and royalty revenues from Jakavi® (ruxolitinib, from Novartis) and Olumiant® (baricitinib, from Lilly) all contributed to our top-line, up 13%, 16% and 101%, respectively.

Click here to review our latest earnings reports.

PRODUCT REVENUE



We are motivated by the belief that we can improve patients' lives through science and our ongoing commitment to innovation ($1.2 billion investment in R&D in 2019) fuels our efforts for the continued discovery and development of novel medicines. At the beginning of 2019, we shared with investors a list of 15 key R&D goals, and during the year we achieved 13 of these goals.

PLANNED REGULATORY UPDATES (2019)[1]

ruxolitinib ✓ Achieve FDA approval for steroid-refractory acute GVHD (REACH1)[2]	**pemigatinib** ✓ Submit NDA for cholangiocarcinoma (FIGHT-202)	**capmatinib** ✓ NDA for NSCLC to be submitted by Novartis[3]

PLANNED PIVOTAL CLINICAL UPDATES (2019)[1]

baricitinib ✓ Phase 3 atopic dermatitis results to be reported by Lilly[4]	**itacitinib** ✕ Phase 3 treatment-naive acute GVHD reults (GRAVITAS-301)	**ruxolitinib** ✓ Phase 3 steroid-refractory acute GVHD results (REACH2)[2]
ruxolitinib — Phase 3 steroid-refractory chronic GVHD results (REACH3)[2]	**pemigatinib** ✓ Phase 2 cholangiocarcinoma results (FIGHT-202)[5]	**pemigatinib** ✓ Phase 2 bladder cancer to complete recruitment (continuous dosing cohort, FIGHT 201)[5]

PLANNED PIVOTAL TRIAL INITIATIONS (2019)[1]

ruxolitinib cream ✓ Atopic dermatitis (TRuE-AD1, TRuE-AD2)	**itacitinib** ✓ Treatment-naive chronic GVHD (GRAVITAS-309)	**pemigatinib** ✓ 1L cholangiocarcinoma (FIGHT-302)
ruxolitinib cream ✓ Vitiligo, if Phase 2 is positive	**pemigatinib** ✓ 1L bladder cancer	**pemigatinib** ✓ Solid tumors with driver activations of FGR/FGFR

✓ ACHIEVED
✕ NEGATIVE RESULTS
— TRIAL ONGOING

(1) R&D goals shown are Investor Goals, which are separate from the 2019 Annual Incentive Compensation Plan Corporate Performance Objectives as described in the Compensation Discussion and Analysis section of the 2020 Proxy Statement.

(2) Development of ruxolitinib in GVHD in collaboration with Novartis.

(3) Worldwide rights to capmatinib licensed to Novartis.

(4) Worldwide rights to baricitinib licensed to Lilly.

(5) FIGHT-201 and FIGHT-202 have the potential to enable product registration.

Starting with our GVHD programs, based on the positive results of the REACH1 trial of Jakafi in steroid-refractory acute GVHD, we received FDA approval and successfully launched Jakafi in this indication. We also announced positive results from the Phase 3 REACH2 trial of Jakafi in the same indication.

Results from the REACH3 trial of Jakafi in steroid-refractory chronic GVHD are expected in 2020. Results from the GRAVITAS-301 Phase 3 trial of itacitinib in patients with treatment-naive acute GVHD were disappointing, as it showed that treatment with itacitinib did not statistically improve overall response rate or non-relapse mortality compared to placebo.

Moving to our solid tumor programs, we presented updated Phase 2 data from our pivotal trial of pemigatinib in patients with previously-treated cholangiocarcinoma, which supported our NDA submission to the FDA. In addition, the Phase 3 trial of pemigatinib in first-line cholangiocarcinoma has been initiated as have trials of pemigatinib in first-line bladder cancer and in patients with solid tumors with driver activations of FGF/FGFR.

Turning to our inflammation and autoimmunity activities, we presented Phase 2 results of ruxolitinib cream in patients with vitiligo, and we launched a global Phase 3 program in this indication.

Our partners also advanced two Incyte-discovered programs. Novartis submitted the NDA for capmatinib in locally advanced or metastatic MET exon 14 skipping mutated non-small cell lung cancer (NSCLC), and Lilly announced Phase 3 results of baricitinib in moderate to severe atopic dermatitis. Finally, our positive cash flow and strong balance sheet allowed us to continue to invest in innovation and growth.

TRANSFORMATIONAL OPPORTUNITIES IN 2020 AND BEYOND

2020 is shaping up to be a transformational year for Incyte, with the potential for multiple new approvals and continued execution on our goal of diversifying our business beyond oncology into dermatology.

We recently announced that Pemazyre™ (pemigatinib) was approved for the treatment of certain patients with cholangiocarcinoma. This represents the third Incyte-discovered molecule to be approved by the FDA, and we are making the product available immediately.

Pemazyre™
pemigatinib (tablets)

We also recently announced, in partnership with Novartis, the FDA approval of Tabrecta™ (capmatinib) for the treatment of adult patients with metastatic non-small cell lung cancer (NSCLC) whose tumors have a mutation that leads to mesenchymal-epithelial transition (MET) exon 14 skipping as detected by an FDA-approved test. This is the fourth Incyte-discovered molecule to be approved by the FDA, and Incyte will now

TABRECTA™
(capmatinib) tablets
150 mg · 200 mg

become eligible for milestones and royalties on net sales by Novartis. At the beginning of this year, we entered into a global strategic collaboration with MorphoSys to gain co-development and co-commercialization rights in the U.S., and exclusive rights ex-U.S., to tafasitamab, a late stage program that could further add to the near and longer-term growth of our oncology business. The BLA for tafasitamab seeking approval in r/r DLBCL was accepted for Priority Review under Breakthrough Therapy designation, and the PDUFA date is August 30, 2020.

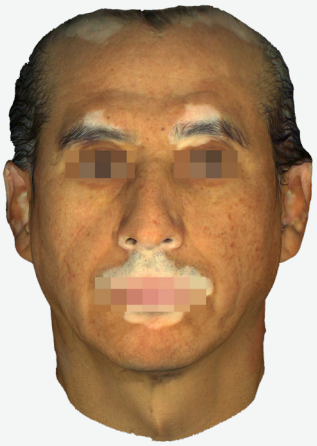
In addition, we continue to remain focused on maintaining and extending our leadership across myeloproliferative neoplasms (MPNs) through our LIMBER program, which consists of three main development areas. The first is a new, once-daily (QD) formulation of ruxolitinib. All necessary development activities are on track, and we are planning for approval and launch in 2022. The second LIMBER area is the development of JAK-based combinations as we seek to improve standards of care. Our scientists have identified strong rationales for JAK combinations, such as with PI3Kδ, PIM, BET or ALK2 inhibitors, which represent opportunities for improved efficacy and safety. The third area of focus is the discovery of novel targets beyond JAK inhibition; this pursuit is at an earlier stage and includes both academic and industry collaborations, and I look forward to reporting progress.

Within immuno-oncology (IO), our key development programs are focused on the inhibition of the PD-1/PD-L1 axis, which has rapidly become a standard of care in many tumor types. We are conducting initial clinical evaluations of two exciting IO molecules in earlier-stage trials, namely INCB86550, our first-in-class oral PD-L1 inhibitor, and MCLA-145, a PD-L1x41BB bispecific antibody, which is the first clinical compound arising from our collaboration with Merus.

Furthermore, we are looking to solidify our expansion into dermatology. We expect to submit our first application for FDA approval of ruxolitinib cream at the end of 2020, driven by the positive data from our global Phase 3 program in mild-to-moderate atopic dermatitis that were presented in April of this year. Positive Phase 2 results for ruxolitinib cream in vitiligo, presented in 2019, demonstrated the potential for transformational efficacy in a disease that affects over a million patients in the U.S. and for which there are no FDA approved therapies for the repigmentation of lesions. We have since launched two randomized Phase 3 studies of ruxolitinib cream in vitiligo, which are recruiting well with results expected next year.

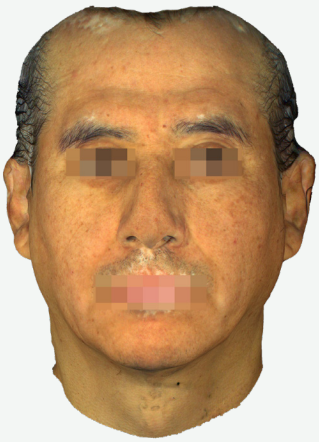
IMAGES FROM OUR PHASE 2 TRIAL OF RUXOLITINIB CREAM IN PATIENTS WITH VITILIGO

BASELINE
DAY 1



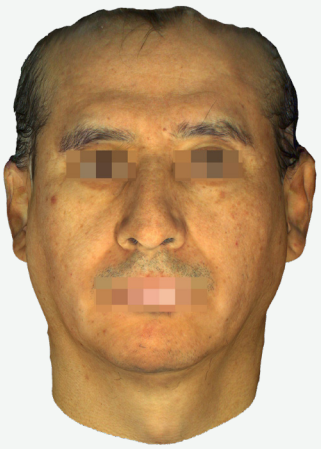
F-VASI: 0.63

RUX CREAM
WEEK 24



F-VASI: 0.45
29% CHANGE FROM BASELINE

RUX CREAM
WEEK 52



F-VASI: 0.15
76% CHANGE FROM BASELINE

Representative patient series treated with ruxolitinib cream 1.5% BID
62 year old male, vitiligo for 20 years, Fitzpatrick skin type III

F-VASI = Facial Vitiligo Area Severity Index; images used with permission; adapted from Harris et al, EADV 2019

We are excited about the potential opportunities for ruxolitinib cream to help the millions of patients living with atopic dermatitis or vitiligo, and this project is an important part of why I believe 2020 to be a transformational year for Incyte.

GOVERNANCE

We have recently added two new independent directors whose skills, I believe, will add key expertise to our Board.

In December 2019, we announced the appointment of Dr. Edmund Harrigan, a neurologist, who brings extensive executive leadership experience and expertise in clinical development, pharmaceutical regulatory process and business development. He will be instrumental as Incyte continues to develop and commercialize innovative medicines for serious unmet medical conditions. Dr. Katherine High, a hematologist, joined our Board in March 2020 and has significant executive, scientific and medical leadership experience, including extensive academic and industry experience in drug discovery and development. Her medical background, together with her experience

leading drug discovery and development efforts at Spark Therapeutics, is expected to assist the Board in its oversight role over our drug discovery and development efforts.

GLOBAL RESPONSIBILITY

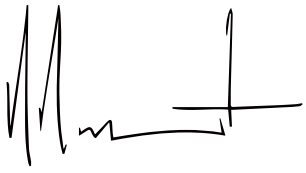
Beyond our commitment to improving the treatment and experience of patients, we also aim to support our colleagues, operate our business in a way that protects the environment and enhance the communities in which we live and work. We value integrity, as well as ethical and responsible behavior in all aspects of our business, which helps to enable rapid responses to internal and external challenges and opportunities. In all of these ways, we seek to ensure that we are fulfilling the needs of all our stakeholders, including patients, employees, stockholders and our communities. Furthermore, we have recently formalized a Global Responsibility initiative, which will provide a centralized structure of reporting, goal-setting and oversight.

AN EXCITING YEAR AHEAD

The achievements and opportunities I have highlighted would not be possible without the contribution of all Incyte associates around the world, who are working tirelessly to bring transformative medicines to patients. This is especially true amidst the current global uncertainty, during which Incyte will continue to keep patients' access to medicines as our first and foremost priority.

I would like to end my letter by acknowledging you, our stockholders, for your ongoing support. We look forward to updating you on our progress towards our enduring goals.

Solve On.



Hervé Hoppenot
Chairman, President and Chief Executive Officer

Incyte | SOLVE ON.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for the historical information set forth herein, the matters set forth in this letter contain predictions, estimates and other forward-looking statements, including without limitation statements regarding: tafasitamab adding to our near and longer-term growth; our expectations regarding FDA approvals for capmatinib and tafasitamab and the timing thereof; our expectations regarding the submission of our application for FDA approval of ruxolitinib cream in mild-to-moderate atopic dermatitis and to progress our Phase 3 program in vitiligo, and whether ruxolitinib cream will ever be approved for these indications; our expectations regarding our reporting of progress across multiple additional development opportunities in oncology; our expectation that 2020 will be a transformational year for Incyte; and our beliefs regarding the benefits and effects of our compensation policies and methods.

These forward-looking statements are based on our current expectations and are subject to risks and uncertainties that may cause actual results to differ materially, including: unanticipated delays, including delays as a result of the COVID-19 outbreak and measures intended to limit the outbreak; determinations made by the FDA and other regulatory authorities, including the possibility that the results of clinical trials are insufficient to meet applicable regulatory standards for approval; unanticipated delays in obtaining results from clinical trials; the ability to enroll sufficient numbers of subjects for our clinical trials; risks relating to further research and development and the results of clinical trials; the effects of market competition; and other risks detailed from time to time in our reports filed with the Securities and Exchange Commission, including our Form 10-K for the year ended December 31, 2019 and our Form 10-Q for the quarter ended March 31, 2020. We disclaim any intent or obligation to update these forward-looking statements.